

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6773

BILL NUMBER: HB 1242

NOTE PREPARED: Apr 28, 2003

BILL AMENDED: Apr 26, 2003

SUBJECT: Various Local Government Matters.

FIRST AUTHOR: Rep. Ayres

FIRST SPONSOR: Sen. Skillman

BILL STATUS: Enrolled

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (CCR Amended) This bill requires the investing officer of most political subdivisions to use multiple depositories. It removes the requirement that multiple depositories be used for investment certificates of deposit. The bill removes the requirement of certifying a budget transfer to the county auditor. The bill also allows a fiscal officer to appropriate insurance receipts.

This bill amends the law concerning the *Annual Road and Street Report*. It requires a local rainy day fund: (1) transfer to be made after the last day of the fiscal year and before March 1 of the subsequent calendar year; and (2) to be established only by ordinance or resolution.

The bill removes a requirement that a finding must be made that an appropriation is consistent with the intent of the fund. The bill also allows a political subdivision to collect a credit card charge for costs charged to the political subdivision for accepting credit cards.

The bill requires adoption of a second class city's police and firefighter salary ordinance by September 20. It also allows a municipality with a fire department to establish a hazardous materials response fund for the deposit of service charges.

It restates the annual meeting of the township legislative body. The bill also eliminates the requirement that township employees, deputies, and assistants be paid on a monthly basis.

This bill allows distributions from the Marion County Public Mass Transportation Fund to the Public Transportation Corporation. It also allows a cash management system contract to be renewed with the same or better terms. The bill also allows a county treasurer's agent to serve a demand for delinquent personal

property taxes.

This bill removes provisions that require some duties of the South Bend or Mishawaka fiscal officer to be performed by the St. Joseph County treasurer. It requires a court clerk to collect a credit card service fee.

The bill allows a county property owner to serve on a county plan commission if the county lacks an agricultural extension educator. It makes annexation provisions that apply to other municipalities applicable to a city in St. Joseph County. The bill also allows a county building authority to sell revenue bonds at a private or negotiated sale.

The bill provides that if disclosure of a public record would have a reasonable likelihood of threatening public safety by exposing vulnerability to a terrorist attack: (1) a public agency may prevent disclosure of the records; (2) a state agency may consult with the Counterterrorism and Security Council regarding the request for disclosure. It requires a public agency that owns or operates an airport to approve disclosure of records concerning airport buildings. The bill also moves a provision concerning disclosure of lists of names and addresses to another location in the public records statute.

Effective Date: Upon Passage; July 1, 2003; January 1, 2004.

Explanation of State Expenditures: *Annual Road and Street Report* - The Board of Accounts reports that the provisions of this proposal will have no fiscal impact on them.

Explanation of State Revenues:

Explanation of Local Expenditures: *Annexation in St. Joseph County* - This provision makes technical corrections as these annexation provisions specific to St. Joseph County were ruled as unconstitutional by the Indiana Supreme Court. Below is an outline of what modifications are made.

Removing the annexation provisions specific to St. Joseph County would require cities in that county to comply with the following requirements regarding annexation procedures:

- the territory sought to be annexed must have a population density of at least three persons per acre;
- a remonstrance must be signed by 65% of the land owners in the annexed territory, rather than a majority under current law;
- services of a capital improvement nature must be provided to the annexed territory within three years, instead of four years;
- at a remonstrance's hearing the court would be able to deny the annexation if at least 65%, rather than a majority, of land owners in the territory oppose the annexation; and
- within one year of the three-year, instead of four-year, period that capital services must be provided, a person who pays taxes on the annexed property may file a complaint alleging injury resulting from the city's failure to implement the fiscal plan.

Annual Road and Street Report - For local units, this proposal will provide additional time in which to complete the *Annual Road and Street Report*, and, depending upon the format developed by the State Board of Accounts, it may save staff time in its preparation.

Public Mass Transportation Fund - This provision removes an additional step in the process of distributing money from the fund. It should have minimal fiscal impact as it may reduce administrative costs.

Explanation of Local Revenues: *County Building Authority Bond Sales* - The fiscal impact of this provision is dependent on each bond sale and the market conditions at the time of the sale.

Credit Card Refunds and Charges - This provision makes it so that a political subdivision, municipally owned utility, or court clerk may collect an amount from a person to cover any charge placed on a political subdivision, municipally owned utility, or court clerk as a result of the person paying by bank card or credit card. A vendor's fee is a charge that is generally part of the negotiated contract associated with accepting credit card payments. Currently, a political subdivision or municipally owned utility is not allowed to charge the person paying by bank or credit card an amount to cover this fee.

Vendor's fees vary and may be dependent on negotiated contracts as well as the amount of each transaction. For example, the vendor fees paid by the state's Bureau of Motor Vehicles are a percentage (approximately 1.8%) of the credit card charges made to the BMV. The Secretary of State also charges the vendor's fee to customers who choose to pay by credit card on the agency's Internet site. The fee ranges between \$2.20 and \$4.40, depending on the service or item being purchased.

The fiscal impact of this provision is determined by the amount of a vendor's fee, which varies, and is dependent on local action.

Hazardous Materials Response Fund - Currently, a fire department may impose a service charge on the responsible party for a hazardous materials emergency to which the fire department responded and assisted in cleaning up, containing, or controlling the hazardous materials. A fire department which imposes such a charge may maintain action for reimbursement and recover all costs including attorneys fees, and may also impose late penalties. Service charges are dependent on the total value of assistance provided per incident. Revenue from these charges is to be deposited in the general fund of the unit that established the responding fire department.

This provision allows the establishment of a Hazardous Materials Response Fund, into which these revenues would be deposited if the unit that established the fire department is a city or town. The costs to administer the Fund would be paid from the money in the Fund, interest accrued would be deposited in the Fund, and any money remaining at the end of the fiscal year would not revert back to the unit's general fund.

Because current statute designates the uses for revenue generated from the above charges, the unit's general fund would only be impacted by the loss of accrued interest diverted to the Hazardous Materials Response Fund. This amount would be dependent on the revenue generated from hazardous materials emergencies to which fire departments, established by cities or towns, respond.

The fiscal impact of this provision is dependent on the amount to be charged per incident by fire departments established by cities or towns, which varies depending on the total value of assistance provided. The fiscal impact of this provision is also dependant on local action. This provision does not affect those fire departments established by townships.

State Agencies Affected: State Board of Accounts.

Local Agencies Affected: Local highway and street departments; political subdivisions and municipally owned utilities; city and town fire departments; court clerks; St. Joseph County and cities located within its boundaries; county building authorities.

Information Sources: Charlie Pride, Supervisor-Cities and Towns, State Board of Accounts, 232-2521; State Treasurer's Office; Secretary of State web site, www.in.gov/sos/; Bureau of Motor Vehicles; Indiana Sheriffs Association.

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